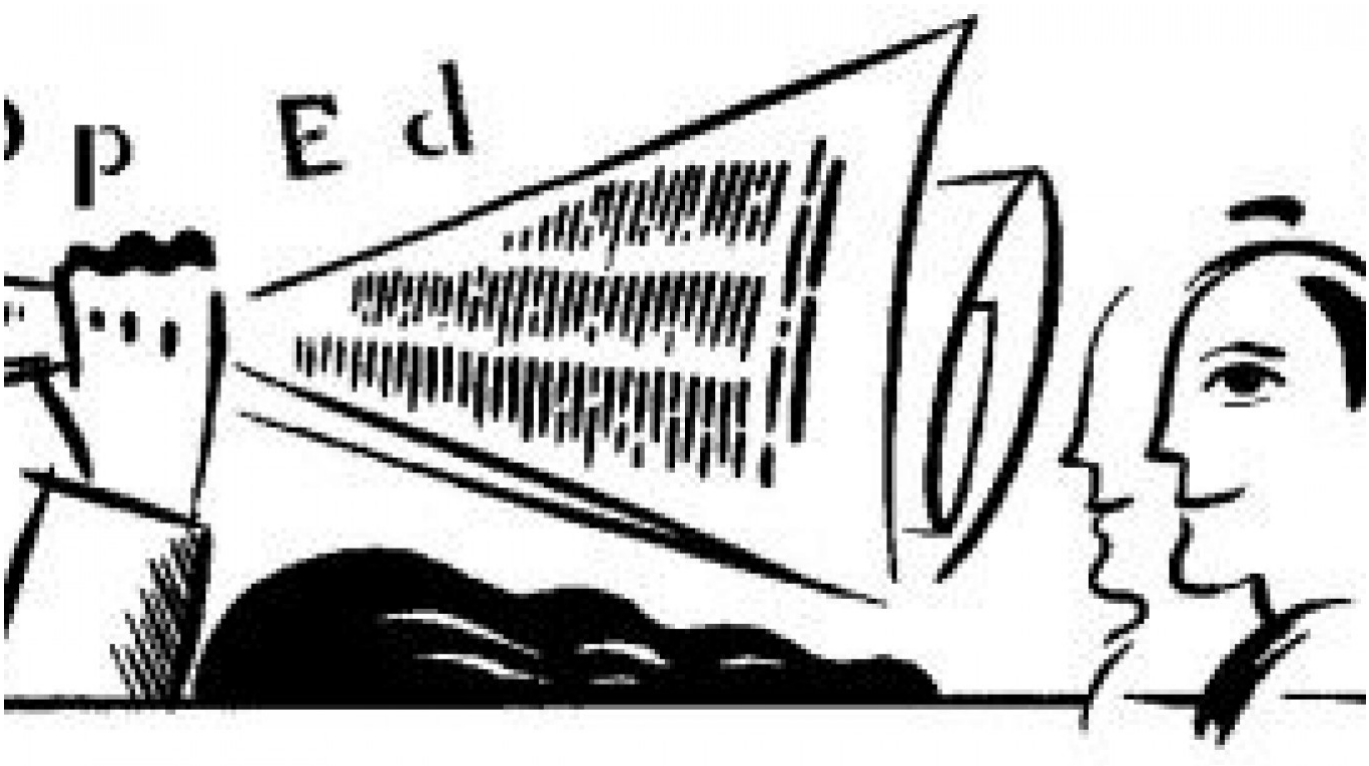
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Montenegro Scandal Doesn't Stick to Teflon Navalny

By Kevin Rothrock

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When opposition leader Alexei Navalny decided to run for the Moscow mayor's office, he probably expected to learn a lot about his enemies, the various masters and minions of Kremlin politics. Certainly, that has happened. As regular as clockwork, he has blogged exposes about incumbent mayor Sergei Sobyanin's luxurious apartments, which he suspiciously registered in his daughters' names.

One thing Navalny perhaps didn't anticipate was learning something compromising about himself. That happened last week, when information emerged showing Navalny's ownership of an active real estate company in Montenegro, established in 2007 and undeclared when he registered as a candidate for the mayor's race. The party responsible for digging up this data was a website called "FLB" or Free Lance Bureau, an established RuNet resource for damaging investigative reporting. But one blogger, Stanislav Apetyan, well-known as "Politrash" on LiveJournal, was the man responsible for whipping up the media storm that followed.

Apetyan made a name for himself in late 2011, when he blogged detailed analyses of Navalny's

e-mail archives, which RuNet bogeyman "Hacker Hell" stole and published that year. In July 2012, in response to Navalny's attacks on Investigative Committee head Alexander Bastrykin's foreign property holdings, Apetyan accused Navalny of harboring similarly extravagant tastes, highlighting excerpts from the hacked e-mails, wherein Navalny discussed his wish to invest 350,000 euros in a real estate venture in Montenegro.

When FLB revealed evidence that Navalny did indeed help found a limited liability company in the city of Podgorica, Apetyan was already well-versed in the subject.

In his first post on the scandal, Apetyan republished excerpts from the hacked e-mails that addressed Navalny's real estate plans and linked to the materials FLB discovered online. FLB found the information by searching for Navalny's name on OpenCorporates.com,"the open database of the corporate world," which indexed data from the Montenegrin government's official website for its Central Register of Business Entities. On its website, Navalny is listed as a co-founder of "MRD Company," a construction firm established in November 2007. Although MRD is reportedly active, the registry lists no financial records for the company, a detail Apetyan duly omitted.

Eager to generate public interest, Apetyan last week titled his blog post, "They Might Remove Navalny from the Election Because Of His Company in Montenegro." Navalny's team was quick to respond, sensing the danger of these allegations. His campaign manager, Leonid Volkov, worked through the night, tweeting into the morning hours requests for assistance from experts in "Joomla," the content management system used to build the Montenegrins' Central Register website. The next day, Volkov published a long refutation of Apetyan's accusations, claiming that Navalny owned no businesses registered in Montenegro. Additionally, he accused Apetyan and his "Nashist" allies of exploiting the register's coding vulnerabilities and uploading the compromising data about Navalny themselves. As proof, Volkov pointed to the fact that the register was out of service at the time he was writing, something Apetyan later accused him of orchestrating, and linked to a still-active page on the register's domain that appears to be a hacked advertisement for Ray Ban sunglasses.

Volkov also took aim at OpenCorporates.com, highlighting the presence of hyperlinks to the Federal Security Service and Kremlin in MRD's "related web links" section. This, Volkov claimed, was evidence of Russian authorities' "embarrassing and clumsy work."

As it happens, OpenCorporates aggregates only the business information of government registries. The data Volkov singled out as evidence of a government conspiracy was in fact submitted by anonymous Internet users, presumably as a prank after the story broke in the news. In a response, Apetyan explained that the Montenegrin government's website only recently connected itself to aggregators like OpenCorporates, which finally made it accessible to Google indexing earlier this year. That, he says, is why researchers are only now learning about the real estate firm. (Before Google saw it, only someone searching the register's archives could have discovered Navalny's company.)

Two days after the initial revelations and a day after Volkov's claim that hackers had planted the incriminating information, Montenegro's Tax Administration confirmed the existence of MRD Company and Navalny's co-founding role, denying any hacker intrusions on its website. The tax authorities' official statement says Navalny signed the company's founding

contract and provided copies of his passport. The press release also identifies several procedural errors in the company's registration, noting a failure to submit paperwork to the "central registry of taxpayers" and the absence of any "profit or tax liabilities" declarations.

Clearly embarrassed, Volkov responded hours later. Now, Volkov no longer disputed the real estate company's existence, but he was adamant that Navalny had no knowledge of its registration. The "sensible" explanation, Volkov wrote, is that Navalny shared and signed certain documents in 2007 when he was considering the purchase of land in Montenegro, unaware that it would be used to register what then was only a hypothetical business. Anxious to return to the rhetoric of the mayoral campaign, Volkov concludes his post with sloganeering, writing, "The main thing is that this is our election campaign and our victory!"

While Apetyan at first propagated the idea that the Montenegrin business might endanger Navalny's candidacy, most observers doubted the odds that this scandal would cost Navalny his place on the Sept. 8 ballot. Indeed, the wide consensus that Sobyanin is protecting Navalny's candidacy is a major catalyst for conspiracy theories surrounding Navalny's release from prison last month. To the relief but perhaps not the surprise of many, Moscow's election commission ended speculation in a press release Thursday, claiming that Navalny's Montenegrin real estate company does not violate Russian election law, which it says bars elected officials only from owning foreign land and holding foreign accounts. (Although an early draft of the legislation forbid officials from owning property abroad, the final version, which President Vladimir Putin signed in May, does not.)

Given the apparent security of Navalny's candidacy, it's easy to wonder if bloggers and journalists have overblown the Montenegrin scandal. Some analysts, like Tatiana Stanovaya, however, have mused on Facebook that the timing of this attack raises the chances that Russian authorities now hope to damage Navalny's reputation significantly enough to validate election results that show him in third place. While Navalny's own pollsters claim he is on track to force a second round of voting, a Kremlin-friendly think tank recently reported that Navalny could possibly come in third in Moscow's September election.

Notably, the think tank responsible for this unexpected claim, the Civil Society Development Foundation, employs Stanislav Apetyan as a "media expert."

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